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Current Support Brief

CESSATION OF SOVIET EXPORTS OF TIN  
TO THE FREE WORLD



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CESSATION OF SOVIET EXPORTS OF TIN  
TO THE FREE WORLD

Soviet exports of tin to the Free World apparently stopped in 1962, following a steady decline from peak exports of almost 19,000 metric tons (mt) in 1958. At that time, Soviet sales of tin on the London market had a seriously depressing effect on world prices, and the USSR agreed to a limitation on its exports. The downward trend since 1958 has been accompanied by a decline in Soviet imports of Chinese Communist tin, which to a large extent the USSR did not need for domestic consumption and which provided the basis for Soviet exports to the Free World. There is no indication that the USSR intends to resume large-scale exports in the near future. On the contrary, the periodic interest displayed by the USSR in Indonesian and Bolivian tin suggests that the USSR might revert to the status of an importer of this commodity from the Free World.

The USSR imported tin from the Free World until 1955, at which time small quantities of Soviet tin began to appear in Western markets. In 1956 the USSR sold about 1,000 mt in the Free World. Sales of this magnitude were easily absorbed by the market without serious effect on Western producing nations. When Soviet sales jumped to 7,900 mt in 1957 and then to almost 19,000 mt in 1958, however, a surplus of serious proportions was created on the already weak market. The International Tin Council (ITC), which was organized in 1956 to stabilize tin prices in the Free World, was unable to maintain world prices at the support level. The resulting decline of prices threatened to have serious consequences for the tin producing nations, most of which are underdeveloped and dependent on exports of tin for an important share of their foreign exchange. Negotiations between the ITC and the USSR resulted in an informal agreement to limit Soviet exports to the Free World to 13,500 mt in 1959 and to the same amount in 1960. Although Soviet sales almost equaled the quota in 1959, they fell short of the agreed amount for 1960 by 40 percent and in 1961 subsided almost to the level of 1956 of about 1,000 mt. 1/ During the first 11 months of 1962, no Soviet sales to the Free World were reported, 2/ and no shipments are estimated to have been made in December.

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The sudden surge in Soviet exports in 1957 followed a rapid accumulation in stocks of tin in the USSR during 1951-56. This buildup was made possible by substantial imports of tin from Communist China, whose tin industry was expanded and modernized with Soviet assistance during 1951-55. As shown in the table, the USSR appears to have drawn on these stocks in 1958, the year of peak sales. Then, when imports from China dropped from an average of almost 21,000 mt annually in 1957-59 to 11,000 mt in 1961, Soviet sales likewise fell. Shipments of Chinese tin to the USSR in 1962 probably were even less than 11,000 mt, and the USSR appears to have had little or no tin available from current supply for export to the Free World.

The immediate prospects are that the USSR will not reenter the Free World market as a large-scale exporter of tin. The only circumstances under which the USSR would be able to export large quantities of tin to the Free World are (1) if a sharp increase were to occur in Soviet imports of tin from Communist China, (2) if Soviet domestic production of tin were increased sharply, or (3) if the USSR were to draw on its tin stocks. All of these circumstances appear to be unlikely. On the contrary, the USSR recently has been expressing interest in buying tin from the Free World.

The USSR recently has been importing small quantities of tin from Indonesia. An Indonesian tin official announced in the spring of 1962 that 400 mt of tin were shipped to the USSR in 1961, with a further shipment of 1,300 mt to be sent over a period of time. 3/ Late in 1962 a small quantity of Indonesian tin was purchased by the USSR, f. o. b. Penang, Malaya. 4/ Although the ITC, which compiles trade statistics, reports no Indonesian Soviet tin trade in 1961 or 1962, shipments of 200 mt from Malaya in 1961 and 1962 were recorded. 5/ It appears that Indonesia might be shipping tin to the USSR through Malaya and that therefore the ITC's statistics probably refer to Indonesian tin.

Although the Indonesian ability to export tin to the USSR is extremely limited at the present time because the industry currently has the capacity to produce only 2,000 mt of tin metal per year, 6/ facilities are being expanded. A smelter with an annual production capacity of 25,000 mt of metal is being built by a West German firm and is scheduled to begin

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Table

Estimated Supply and Disposition of Tin in the USSR  
1955-61

Thousand Metric Tons

Year	Production <u>a/</u>	Imports from Communist China <u>b/</u>	Total Supply	Consumption <u>c/</u>	Exports <u>b/</u> to the European Satellites	Available from Current Supply for Export to the Free World	Actual Exports to the Free World <u>d/</u>	Apparent Change in Stocks
1955	15.1	16.9	32.0	16.6	1.9	13.5	Neg1.	+13.5
1956	16.3	15.7	32.0	17.4	2.1	12.5	1.0	+11.5
1957	17.5	22.0	39.5	18.6	6.3	14.6	7.9	+6.7
1958	18.5	19.3	37.9 <u>e/</u>	21.6	3.9	12.4	18.9	-6.5
1959	19.5	20.8	40.3 <u>e/</u>	22.5	4.2	13.6	13.2	+0.4
1960	20.8 <u>c/</u>	17.7	38.5 <u>e/</u>	23.0	3.0	12.5	8.1	+4.4
1961	21.8 <u>c/</u>	11.2	33.2 <u>e/</u>	23.5	3.7	6.0	1.2	+4.8

a. Primary and secondary production. T/

b. 8/ Estimated.

c. Estimated.

d. Estimates based on source 2/.

e. Including imports from North Vietnam, averaging 45 mt per year, and 200 mt from Indonesia or Malaya in 1961.

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operating in 1964. 10/ Also, efforts are being made to increase production of tin concentrates, which dropped from 36,000 mt (metal content) in 1954 to 19,000 mt in 1961, following nationalization of the industry.

In addition, the USSR offered to build a tin smelter for Bolivia 11/ in 1960 and since then has persistently repeated its offer, possibly expressing an ultimate interest in Bolivian tin. So far, however, there has been no positive response from the Bolivian government. Other countries whose tin industries might provide a source of tin for the Soviet economy as well as an opportunity for Soviet penetration are Thailand, the Congo (Leopoldville), Nigeria, and Malaya.

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